

PX

Exempt Institutions

(100% of the institution qualifies as a TABOR designated enterprise.)

COFRS ACCOUNTING MODEL

Insurance Recoveries - No Asset Impairment

Used to record insurance recoveries. This model assumes the event does not qualify as an impairment (1).

Insurance recoveries in the current year offset maintenance expense.

Insurance recoveries from prior years are recorded as revenue without offset.

Authoritative Source(s): The Higher Education Policy Setting Group (HEP)

Fiscal Procedures Manual Chapter 9 sections 1 and 2, March 2007

GASB Statement 42

Example: Recorded Restoration of Equipment and Insurance Recovery								
COFRS JOURNAL ENTRY CODING								
	Fund/Agency	APPR	Program	AcctType	BSA/RSC/OBJ	DR	CR	
ACTIVITY = RECORD EQUIPMENT RESTORATION COSTS								
1	Auxiliary Self-Funded Enterprises - Exempt Higher Ed TABOR Enterprise Higher Education Activity E&G or NonE&G Expense Other Maintenance /Repair Svcs	320/GXX 320/GXX	NAP	1100/1900	22	2210	\$1,000	
2	Auxiliary Self-Funded Enterprises - Exempt Higher Ed TABOR Enterprise Not used with Balance Sheet Accounts Asset Cash	320/GXX 320/GXX	XXX	XXX	01	1100		\$1,000
ACTIVITY = RECORD INSURANCE PROCEEDS RECEIVED IN THE SAME FISCAL YEAR AS EXPENSE IS INCURRED								
3	Auxiliary Self-Funded Enterprises - Exempt Higher Ed TABOR Enterprise Not used with Balance Sheet Accounts Asset Cash	320/GXX 320/GXX	XXX	XXX	01	1100	\$900	
4	Auxiliary Self-Funded Enterprises - Exempt Higher Ed TABOR Enterprise Higher Education Activity E&G or NonE&G Revenue Insurance Recovery - Current Year	320/GXX 320/GXX	NAP	1100/1900	31	5860		\$900
5	Financial Presentation - Exempt Higher Education Activity E&G or NonE&G Revenue G/L On Impairment of Cap Asset	399/GXX	NAP	1100/1900	31	6504	\$900 ⁽²⁾	
6	Financial Presentation - Exempt Higher Education Activity E&G or NonE&G Expense Other Maintenance /Repair Svcs	399/GXX	NAP	1100/1900	22	2210		\$900 ⁽²⁾
ACTIVITY = RECORD INSURANCE PROCEEDS RECEIVED IN THE FISCAL YEARS FOLLOWING THE EXPENSE								
7	Auxiliary Self-Funded Enterprises - Exempt Higher Ed TABOR Enterprise Not used with Balance Sheet Accounts Asset Cash	320/GXX 320/GXX	XXX	XXX	01	1100	\$900	
8	Auxiliary Self-Funded Enterprises - Exempt Higher Ed TABOR Enterprise Higher Education Activity E&G or NonE&G Revenue Insurance Recovery - Previous Yrs	320/GXX 320/GXX	NAP	1100/1900	31	5861		\$900

(1) If the event is significant and meets the impairment tests defined in GASB 42, the accounting must comply with measurement methods defined in GASB 42. This includes the Restoration Approach, Service Units Approach, the Deflated Depreciation Replacement Cost Approach. See Model QX for Insurance Recoveries on Impaired Assets.

(2) This entry is limited to the amount of maintenance expense recorded in 2210 (or comparable account). If the insurance recovery exceeds the restoration or replacement cost then a gain on impairment is reported. Note that account 5860 and 6504 are reported in the same line on the financial statements.